



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

April 6, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
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First District

MARK RIDLEY-THOMAS  
Second District

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Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR MARCH 2010**

On April 14, 2009, your Board directed the Chief Executive Officer (CEO), in coordination with the Treasurer and Tax Collector (TTC), the Director of Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: an implementation schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other federal stimulus-related funding; an assessment of financial viability; and an inventory of other appropriate funding sources.

### **Summary of Activities**

#### **Schedule Update**

A table indicating key milestones and updated implementation dates is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters met on March 12, 2010 with deputies from all five Board offices to provide a program status update, answer questions, and finalize implementation steps for the Los Angeles County Energy Program (LACEP).

*"To Enrich Lives Through Effective And Caring Service"*

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<b>LACEP Milestone Timeline</b>			
<b>Date</b>	<b>Milestone</b>	<b>Key Document/Activity</b>	<b>Responsibility</b>
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	After Board approval of the program, cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
February 2010	Continue stakeholder outreach and education	Marketing, Outreach Projects Assessment by ISD County Office of Sustainability (ISD-COS) and Program consultants	ISD, Consultant
April 2010	Board Meeting to adopt Resolution of Intention and set a date for Public Hearing	Resolution of Intention	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	Resolution Confirming Report and Approving Program  Program Report  Form of Assessment Contract  Form of Bond Indenture  Resolutions Authorizing Establishment of Special Fund, Issuance of Bonds and Authorizing Validation Proceedings	TTC, County Counsel, Bond Counsel, ISD, CEO, Consultant
May 2010	Initiate Validation Proceeding	File Judicial Complaint	Bond Counsel, County Counsel
August 2010	Conclude Validation Process	Receive Judgment	Bond Counsel, County Counsel
September 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

## **Stakeholder Outreach**

ISD, TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date, the County group has met with the following COGs: San Gabriel Valley, South Bay Cities, Gateway Cities, Westside Cities, and Las Virgenes-Malibu. The group has also met or spoken individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, Santa Clarita, Malibu, and Beverly Hills.

Additionally, ISD staff and the consultant team have met with other stakeholders that will play a key role in fully implementing the LACEP program throughout the region. These additional stakeholders include:

- Green Workforce Development organizations [Los Angeles Community College District, L.A. County Workforce Investment Board (WIB), L.A. City WIB, South Bay Cities WIB];
- Los Angeles Economic Development Corporation;
- Los Angeles Regional Collaborative;
- Los Angeles County Community Development Commission;
- Los Angeles County Building Industry Association;
- Local labor representatives (Service Employees International Union 660, Los Angeles Building and Construction Trades Council, Green L.A. Coalition); and
- Local utilities (Southern CA Edison, Southern CA Gas Company, Los Angeles Department of Water & Power).

## **Additional Grants in Support of AB 811**

ISD, on behalf of the Countywide region, submitted a single, statewide application in collaboration with the Association of Bay Area Governments, the Sacramento County Association of Governments, and the San Diego Association of Governments for \$75 million under a Federal Competitive EECBG grant program which will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. These grants will support model,

regional programs that demonstrate greater participation in existing building retrofits and greater energy efficiency savings per project. The application was endorsed by the California Air Resources Board, the California Energy Commission, and Governor Schwarzenegger. Award notifications could be made as late as May 2010. If this grant is funded, ISD will act as the statewide and countywide region coordinator for the program funding. Out of the \$75 million grant request, approximately \$30 million is targeted for use in the County of Los Angeles.

The County was notified by the California Energy Commission (CEC) that our applications did not meet the minimum scoring thresholds for funding under their State Energy Program (SEP) competitive grant solicitations. The CEC made over \$110 million available to assist local governments to implement Property Assessed Clean Energy Programs (like the LACEP program under AB 811). ISD previously advised your Board of this grant solicitation. ISD and the County's Intergovernmental Relations Office in Sacramento met with CEC Commissioners and administrative staff to discuss the disqualification of the County's applications under this grant. The CEC expressed a desire to assist the County's LACEP. We will keep your Board apprised of the outcome of those discussions.

### **Program Design, Implementation and Administration Consultant**

ISD has been working with the LACEP consultant team to finalize design, implementation, and administration details. Program Design details will be documented in the Program Design Manual. The Program Design Manual contains specific LACEP details related to eligible property owners, eligible projects, project financing maximums and minimums, and other financing criteria. A less detailed document, the Program Report, has been prepared to satisfy legal requirements for formation of the County Program and to provide general information to the public about the LACEP.

ISD and the consultant team continue to develop processes for administering individual financing and project details, automating LACEP steps and tracking all required information. ISD and the consultant team are also working with a variety of other stakeholders, including the COGs and other cities, to develop a strategy for implementing the LACEP throughout the County.

### **Financial and Legal Activities**

TTC's financial advisor has developed various financial models which assess the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and

projected bond interest rates. The model is being reviewed by the County's LACEP consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining low-interest initial financing; and impact of scaling up the LACEP to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to property owners and how to structure the LACEP to be self-sustaining through its life. In an effort to secure funding for initial loans, the County team is evaluating the feasibility and benefits of obtaining financing both from private lenders and through the issuance of bonds in the public capital markets.

Bond Counsel has confirmed the priority status of contractual assessments under AB 811 and established the steps necessary for the County to develop a clean energy financing program. These findings were confirmed for Sonoma County following a judicial validation proceeding and a Sonoma County Superior Court decision. The County intends to initiate a similar judicial validation for LACEP immediately following the public hearing scheduled for May 25, 2010.

TTC is directing the completion of the County's Resolution of Intention (ROI) and all legal documents (listed in the LACEP Milestone Timeline above). The team reviewing these documents includes: TTC, County Counsel, CEO, ISD, Department of Public Works, Bond Counsel, TTC's financial advisors, and the LACEP consultant team. The ROI has been filed with your Board for consideration on the April 6, 2010 Board agenda. A public review period of at least 45 days must elapse after approval of the ROI before your Board can establish the LACEP. Therefore, final LACEP adoption will be considered by your Board at the May 25, 2010 Board meeting.

If you have any questions, or require further information on this matter, please contact me, or your staff may contact either Ellen Sandt, Deputy Chief Executive Officer at (213) 974-1186 or via email at [esandt@ceo.lacounty.gov](mailto:esandt@ceo.lacounty.gov) , or Lari Sheehan, Deputy Chief Executive Officer at (213) 893-2477 or via email at [lsheehan@ceo.lacounty.gov](mailto:lsheehan@ceo.lacounty.gov).

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c: Executive Office, Board of Supervisors  
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